

Message Text

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12

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 NEA-10 ISO-00 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01

PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14 AID-20

COME-00 FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 INT-08 SCEM-02 CEA-02 STR-08 DRC-01

/240 W

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P R 070606Z NOV 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 0000

INFO AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L TOKYO 14499

EO 11652: GDS

TAGS: ENRG JA

SUBJ: JAPANESE PETROLEUM SITUATION

SUMMARY: MITI ESTIMATES THAT JAPAN WILL LOSE ABOUT
15-16 PERCENT OF ITS EXPECTED CRUDE OIL SUPPLIES BY DEC 1.
SOME INTERNAL ENERGY REDUCTIONS IN ANTICIPATION OF OIL
SUPPLY SHORTAGES HAVE BEGUN OR HAVE BEEN ANNOUNCED.
END SUMMARY.

1. IN PAST WEEK, MOST OF INTERNATIONAL OIL MAJORS HAVE
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ANNOUNCED LEVELS OF THEIR CUTBACKS OF CRUDE OIL SUPPLY

TO JAPAN. BASED ON CONTACTS WITH MAJORS OPERATING IN JAPAN AND INFORMATION ON LEVELS OF THEIR CUTBACKS, MITI'S BEST ESTIMATE AT THIS POINT IS THAT JAPAN WILL LOSE APPROX 15-16 PERCENT OF EXPECTED SUPPLIES OF CRUDE OIL. ESTIMATE OF EXXON SUBSIDIARY ESSO SEKUYU (BASED ON THEORETICAL ASSUMPTION OF AVERAGE 25 PERCENT CUTBACK BY OPEC NATIONS AND FACT THAT ABOUT 43 PERCENT OF JAPAN CRUDE OIL COMES FROM OPEC STATES) IS ABOUT 11 PERCENT. MITI SOURCE OBSERVED TO EMBOFF THAT THIS DISCREPANCY INDICATED MAJORS DISCRIMINATING AGAINST JAPAN AND DIVERTING OIL FROM COUNTRIES LIKE IRAN THAT HAVE NOT CUTBACK. MAJORS CONTINUE TO TELL EMBASSY HOWEVER THAT TO BEST THEIR KNOWLEDGE THAT THEY ARE NOT DISCRIMINATING.

2. SUPPLY PINCH WILL BEGIN TO BE FELT ABOUT NOV 10, WITH FULL FORCE OF PRESENT CUTBACK LEVELS REACHING JAPAN BY ABOUT DEC 1. HOWEVER, SOME INTERNAL ENERGY REDUCTIONS HAVE ALREADY BEGUN OR HAVE BEEN ANNOUNCED IN JAPAN. ACCORDING TO INDUSTRY SOURCES, JAPANESE REFINERS HAVE REDUCED DELIVERIES TO CUSTOMERS BY 10 PERCENT EFFECTIVE NOV 1. TOKYO ELECTRIC ALSO ANNOUNCED NOV 5 THAT IT WAS ASKING LARGE INDUSTRIAL AND OFFICE USERS IN ITS SERVICE AREA TO REDUCE POWER CONSUMPTION BY 10 PERCENT. SOURCE AT TOKYO ELECTRIC NOTED THAT COMPANY'S DECISION ENTIRELY ITS OWN AND NOT BASED ON ADVICE FROM GOVERNMENT. ADDED THAT OTHER

UTILITY COMPANIES IN JAPAN WOULD PROBABLY SOON FOLLOW SUIT. (KANSAI ELECTRIC HAS DONE SO). OFFICIAL PREDICTED THAT THREE MAJOR ELECTRIC POWER COMPANIES IN JAPAN (TOKYO, KANSAI, AND CHUBU ELECTRIC) WOULD EVENTUALLY BE FORCED TO REDUCE POWER OUTPUT FURTHER SINCE 80 PERCENT OF ELECTRIC POWER OUTPUT OF THESE UTILITIES GENERATED IN OIL BURNING STEAM PLANTS. INGERSOLL

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